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CHRISTOPHER CHIOU
Acting United States Attorney
Nevada Bar No. 14853
SIMON F. KUNG
Assistant United States Attorney
United States Attorney's Office, District of Nevada
501 Las Vegas Boulevard South, Suite 1100
Las Vegas, Nevada 89101
(702) 388-6336/Fax: (702) 388- 6418

VALERIE G. PREISS
PATRICK BURNS
Nevada Bar No. 11779
Trial Attorneys
Department of Justice, Tax Division
150 M. Street, N.E.
Washington, D.C. 20002
PHONE: (202) 514-5762
FAX: (202) 514-9623
Valerie.G.Preiss@usdoj.gov
J.Patrick.Burns@usdoj.gov

Representing the United States of America

**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

UNITED STATES OF AMERICA,

Plaintiff,

vs.

**SCOTT H. LAWRENCE and
DEBRA R. LAWRENCE,**

Defendants.

CRIMINAL INDICTMENT

CASE NO: 2:21-cr- *214 RFB DJA*

VIOLATIONS:

18 U.S.C. § 371 – Conspiracy to Defraud the
United States

26 U.S.C. § 7201 – Evasion of Payment

26 U.S.C. § 7201 – Evasion of Assessment

26 U.S.C. § 7206(1) – Making and Subscribing a
False Tax Return

26 U.S.C. § 7206(2) – Aiding and Assisting in the Preparation of a False Tax Return

26 U.S.C. § 7203 – Willful Failure to Pay Income Tax

26 U.S.C. § 7203 – Willful Failure to File Income Tax Return

THE GRAND JURY CHARGES:

At all times material to this Indictment:

1. Defendants SCOTT H. LAWRENCE and DEBRA R. LAWRENCE were a married couple residing in Las Vegas, Nevada.

2. Defendant SCOTT H. LAWRENCE was a real estate professional who conducted business using a Nevada corporation, Turn Two, Inc. (Turn Two), which was incorporated in 1990. In or around 2018, Defendant SCOTT H. LAWRENCE became a Form W-2 wage earner.

3. Defendant DEBRA R. LAWRENCE worked in the interior design field both as a Form W-2 wage earner and as an independent contractor. In June 2011, she formed the Nevada limited liability company D Lawrence Hospitality L.L.C. (DLH), which she used to conduct her interior design business.

4. The Internal Revenue Service (IRS) was an agency of the United States Department of the Treasury and was responsible for enforcing and administering the tax laws of the United States.

5. To assist in collecting delinquent income taxes and determining a taxpayer's financial condition and ability to pay such taxes, the IRS used Form 433-A, Collection Information Statement for Wage Earners and Self-Employed Individuals, and Form 433-B, Collection Information Statement for Businesses. A delinquent taxpayer was required to

1 sign the form under penalty of perjury and was required to provide full, complete, and
2 accurate financial information.

3 6. In reporting their income to the IRS each year, the defendants jointly filed
4 using a Form 1040, U.S. Individual Income Tax Return.

5 7. During tax years 2005 through 2018, the defendants accumulated and failed
6 to pay substantial federal income tax liabilities. As of March 18, 2021, the defendants'
7 unpaid delinquent taxes, penalties, and interest totaled approximately \$1,758,128.16 as
8 detailed below:

<u>Tax Year</u>	<u>Unpaid Taxes, Penalties, and Interest</u>
2005	\$155,340.46
2006	\$186,194.74
2007	\$24,406.35
2008	\$103,616.34
2009	\$193,885.05
2010	\$168,551.49
2011	\$181,588.44
2012	\$82,173.02
2013	\$19,108.62
2014	\$132,467.91
2015	\$90,525.59
2016	\$133,683.22
2017	\$207,657.32
2018	\$78,929.61

21 8. In or about March 2010, the IRS began attempting to collect the defendants'
22 delinquent 2005 through 2009 tax liabilities using various methods, including summonses,
23 requests for information, liens, and levies on bank accounts and accounts receivable. The
24

1 IRS later expanded its collection efforts to include the defendants' delinquent tax liabilities
2 for tax year 2010.

3 **COUNT ONE**

4 **Conspiracy to Defraud the United States**
5 **(Title 18, United States Code, Section 371)**

6 9. The Grand Jury re-alleges and incorporates here the allegations contained in
7 Paragraphs One through Eight of this Indictment.

8 10. From at least in or about April 2005, and continuing to at least in or about
9 October 2020, within the State and Federal District of Nevada, and elsewhere, the
10 defendants, SCOTT H. LAWRENCE and DEBRA R. LAWRENCE, did unlawfully,
11 voluntarily, intentionally, and knowingly conspire, combine, confederate, and agree
12 together and with each other to defraud the United States, by dishonest and deceitful means,
13 by impeding, impairing, obstructing, and defeating the lawful government functions of the
14 IRS in the ascertainment, computation, assessment, and collection of the revenue: namely,
15 federal income taxes.

16 **Manner And Means By Which The Conspiracy Was Carried Out**

17 11. The defendants sought to accomplish the objects of the conspiracy through
18 the following manner and means, among others:

19 a. Obstructing and interfering with IRS efforts to collect the defendants'
20 unpaid and delinquent income tax liabilities;

21 b. Concealing the defendants' income and true financial condition from
22 the IRS;

23 c. Submitting to the IRS false and fraudulent forms, tax returns,
24 documents, letters, statements, and information; and

1 d. Otherwise willfully failing to file tax returns or pay their income taxes
2 owed to the IRS despite knowing of their legal obligation to do so.

3 Overt Acts

4 12. In furtherance of the conspiracy and to effect the objects thereof, the following
5 overt acts, among others, were committed in the District of Nevada and elsewhere:

6 a. Overt Act #1: Beginning in or about March 2010, and lasting through
7 in or about July 2011, defendant DEBRA R. LAWRENCE ceased depositing her entire
8 paychecks into her joint personal bank account held with defendant SCOTT H.
9 LAWRENCE and instead deposited a small portion of each paycheck into the account
10 while taking the major portion of each paycheck in cash;

11 b. Overt Act # 2: Beginning in or about June 2011, and lasting through in
12 or about November 2011, defendant DEBRA R. LAWRENCE directed that her
13 commission and pay checks for her work be made out to defendant SCOTT H.
14 LAWRENCE's corporation, Turn Two. The defendants then deposited those checks into a
15 bank account in the name of Turn Two;

16 c. Overt Act # 3: On or about August 15, 2011, defendant SCOTT H.
17 LAWRENCE caused the defendants' attorney to falsely tell an IRS revenue officer that
18 defendant DEBRA R. LAWRENCE was not working;

19 d. Overt Act # 4: On or about November 4, 2011, the defendants used a
20 \$10,000 commission check to defendant DEBRA R. LAWRENCE to open a bank account
21 in the name of DLH. The defendants subsequently deposited defendant DEBRA R.
22 LAWRENCE's income into the DLH account and used the funds in the account to pay a
23 substantial part of the defendants' personal and living expenses;
24

1 e. Overt Act # 5: On or about November 28, 2011, the defendants
2 submitted to the IRS a materially false and misleading Form 433-A, Collection Information
3 Statement for Wage Earners and Self-Employed Individuals, which concealed the
4 defendants' true income and financial condition;

5 f. Overt Act # 6: On or about September 27, 2012, the defendants
6 submitted to the IRS a materially false and misleading Form 433-A, Collection Information
7 Statement for Wage Earners and Self-Employed Individuals, which concealed the
8 defendants' true income and financial condition;

9 g. Overt Act # 7: On or about September 20, 2012, defendant SCOTT H.
10 LAWRENCE wrote a check to the IRS for \$37,755 to pay for estimated 2012 taxes. That
11 check was drawn on a Turn Two bank account, which at the time held a balance of only
12 \$17,545.19. The next day, defendant SCOTT H. LAWRENCE transferred \$10,000 out of
13 the Turn Two bank account to the DLH bank account. Defendant SCOTT H.
14 LAWRENCE, knowing that there were insufficient funds in the account to cover the check,
15 then caused the defendants' attorney to give the check to the IRS on September 27, 2012;

16 h. Overt Act # 8: On or about September 27, 2012, the defendants filed
17 with the IRS a materially false and misleading Form 1040, U.S. Individual Income Tax
18 Return for tax year 2011, which omitted the defendants' income earned through DLH;

19 i. Overt Act # 9: On or about August 28, 2013, the defendants submitted
20 to the IRS a materially false and misleading Form 433-A, Collection Information Statement
21 for Wage Earners and Self-Employed Individuals, which concealed the defendants' true
22 income and financial condition;

23 j. Overt Act # 10: On or about August 28, 2013, the defendants
24 submitted to the IRS a materially false and misleading Form 433-B, Collection Information

1 Statement for Businesses, which concealed the defendants' true income, financial condition,
2 and business activities;

3 k. Overt Act # 11: On or about October 13, 2013, the defendants filed
4 with the IRS a materially false and misleading Form 1040, U.S. Individual Income Tax
5 Return for tax year 2012, which omitted the defendants' income earned through DLH;

6 l. Overt Act # 12: On or about November 22, 2013, the defendants
7 caused their attorney to submit to the IRS a materially false and misleading letter in support
8 of a Form 656, Offer in Compromise, in which they offered the IRS a one-time payment of
9 \$5,000 in full satisfaction of the defendants' approximately \$1,081,985.11 tax debt consisting
10 of delinquent taxes, penalties, and interest owed to the IRS;

11 m. Overt Act # 13: On or about November 22, 2013, the defendants
12 submitted to the IRS a materially false and misleading Form 433-A, Collection Information
13 Statement for Wage Earners and Self-Employed Individuals, which concealed the
14 defendants' true income and financial condition;

15 n. Overt Act # 14: On or about October 11, 2014, the defendants filed
16 with the IRS a materially false and misleading Form 1040, U.S. Individual Income Tax
17 Return for tax year 2013, which omitted the defendants' income earned through DLH;

18 o. Overt Act # 15: On or about September 22, 2015, defendant SCOTT
19 H. LAWRENCE caused the defendants' attorney to submit a materially false and
20 misleading letter to the IRS. The letter falsely stated that the defendants were living solely
21 on defendant SCOTT H. LAWRENCE's income and that defendant DEBRA R.
22 LAWRENCE had resumed working in light of exigent circumstances caused by recent IRS
23 collection actions;
24

1 p. Overt Act # 16: On or about October 9, 2015, defendant SCOTT H.
2 LAWRENCE caused the defendants' attorney to submit a materially false and misleading
3 Form 9423, Collection Appeal Request, which asserted that an IRS collection levy on
4 defendant SCOTT H. LAWRENCE's monthly income in excess of \$10,000 had created an
5 "exigent and emergent crisis" preventing the defendants from meeting their necessary living
6 expenses;

7 q. Overt Act # 17: On or about October 15, 2015, the defendants filed
8 with the IRS a materially false and misleading Form 1040, U.S. Individual Income Tax
9 Return for tax year 2014. The return falsely claimed business deductions for rental payments
10 for a beachfront condominium and payments to an attorney to represent a family member in
11 connection with a personal matter;

12 r. Overt Act # 18: On or about October 13 and 14, 2016, defendant
13 SCOTT H. LAWRENCE falsely told his tax preparer that a \$25,000 payment he received
14 for consulting services was a loan;

15 s. Overt Act # 19: On or about October 17, 2016, the defendants filed
16 with the IRS a false 2015 Form 1040, U.S. Individual Income Tax Return, which omitted
17 additional tax due and owing based on the \$25,000 payment; and

18 t. Overt Act #20: On or about October 17, 2016, the defendant SCOTT
19 H. LAWRENCE filed with the IRS a false 2015 Form 1120S, U.S. Income Tax Return for
20 an S Corporation, for Turn Two, which failed to report the \$25,000 payment as income.

21 In violation of Title 18, United States Code, Section 371.

22 / / /

23 / / /

24 / / /

COUNT TWO

**Evasion of Payment
(Title 26, United States Code, Section 7201)**

13. The Grand Jury re-alleges and incorporates here the allegations contained in Paragraphs One through Twelve of this Indictment.

14. From in or about January 2009 through in or about October 2015, in the District of Nevada and elsewhere, the defendants, SCOTT H. LAWRENCE and DEBRA R. LAWRENCE, willfully attempted to evade and defeat the payment of income tax due and owing by the defendants to the United States of America, for the tax years 2005 through 2010, by committing the following affirmative acts, among others:

a. Cashing substantial portions of deposited paychecks in order to avoid and thwart IRS levies and collection actions;

b. Depositing defendant DEBRA R. LAWRENCE's pay and commission checks into a Turn Two bank account;

c. Opening and concealing from IRS collections officials the use of a bank account in the name of DLH; and

d. Submitting and causing to be submitted to IRS collection officials materially false and misleading forms, letters, and statements.

In violation of Title 26, United States Code, Section 7201.

COUNT THREE

**Evasion of Assessment
(Title 26, United States Code, Section 7201)**

15. The Grand Jury re-alleges and incorporates here the allegations contained in Paragraphs One through Fourteen of this Indictment.

1 16. From in or about January 1, 2013 through in or about October 2015, in the
2 District of Nevada and elsewhere, the defendants, SCOTT H. LAWRENCE and DEBRA
3 R. LAWRENCE, willfully attempted to evade and defeat income tax due and owing by
4 them to the United States of America, for the calendar year 2013, by preparing and causing
5 to be prepared, and by signing and causing to be signed, a false and fraudulent Form 1040,
6 U.S. Individual Income Tax Return, which was submitted to the IRS. On that tax return,
7 the defendants reported and caused to be reported that their taxable income for the calendar
8 year 2013 was \$212,330, and that the amount of tax due and owing was \$67,712. In fact, as
9 defendants knew, they had taxable income for the calendar year 2013 that was greater than
10 the amount reported on the tax return, and as a result of such additional taxable income,
11 there was additional tax due and owing to the United States of America.

12 In violation of Title 26, United States Code, Section 7201.

13 **COUNT FOUR**

14 **Evasion of Assessment**
15 **(Title 26, United States Code, Section 7201)**

16 17. The Grand Jury re-alleges and incorporates here the allegations contained in
17 Paragraphs One through Sixteen of this Indictment.

18 18. From in or about January 1, 2014 through in or about October 2015, in the
19 District of Nevada and elsewhere, the defendants, SCOTT H. LAWRENCE and DEBRA
20 R. LAWRENCE, willfully attempted to evade and defeat income tax due and owing by
21 them to the United States of America, for the calendar year 2014, by preparing and causing
22 to be prepared, and by signing and causing to be signed, a false and fraudulent Form 1040,
23 U.S. Individual Income Tax Return, which was submitted to the IRS. On that tax return,
24 the defendants reported and caused to be reported that their taxable income for the calendar

1 year 2014 was \$338,735, and that the amount of tax due and owing was \$123,753. In fact,
2 as the defendants knew, they had taxable income for the calendar year 2014 that was greater
3 than the amount reported on the tax return, and as a result of such additional taxable
4 income, there was additional tax due and owing to the United States of America.

5 In violation of Title 26, United States Code, Section 7201.

6 **COUNT FIVE**

7 **Evasion of Assessment**
8 **(Title 26, United States Code, Section 7201)**

9 19. The Grand Jury re-alleges and incorporates here the allegations contained in
10 Paragraphs One through Eighteen of this Indictment

11 20. From in or about January 1, 2015 through in or about October 2016, in the
12 District of Nevada and elsewhere, the defendants, SCOTT H. LAWRENCE and DEBRA
13 R. LAWRENCE, willfully attempted to evade and defeat income tax due and owing by
14 them to the United States of America, for the calendar year 2015, by preparing and causing
15 to be prepared, and by signing and causing to be signed, a false and fraudulent Form 1040,
16 U.S. Individual Income Tax Return, which was submitted to the IRS. On that tax return,
17 the defendants reported and caused to be reported that their taxable income for the calendar
18 year 2015 was \$213,928, and that the amount of tax due and owing was \$83,457. In fact, as
19 the defendants knew, they had taxable income for the calendar year 2015 that was greater
20 than the amount reported on the tax return, and as a result of such additional taxable
21 income, there was additional tax due and owing to the United States of America.

22 In violation of Title 26, United States Code, Section 7201.

23 / / /

24 / / /

COUNT SIX**Making and Subscribing a False Tax Return
(Title 26, United States Code, Section 7206(1))**

21. The Grand Jury re-alleges and incorporates here the allegations contained in Paragraphs One through Twenty of this Indictment

22. On or about October 15, 2015, in the District of Nevada, and elsewhere, the defendants, SCOTT H. LAWRENCE and DEBRA R. LAWRENCE, willfully made and subscribed and filed and caused to be filed with the IRS, a false Form 1040, U.S. Individual Income Tax Return, for calendar year 2014, which was verified by a written declaration that it was made under the penalties of perjury and which the defendants did not believe to be true and correct as to every material matter. That tax return reported that defendant DEBRA R. LAWRENCE's business, DLH, had incurred the following deductible business expenses in 2014:

Schedule	Line	Type of Expense	Amount
Schedule C - DLH	17	Legal and professional services	\$10,500
Schedule C - DLH	37	Cost of labor	\$47,371

whereas, as the defendants knew, the Line 17 expense consisted of nondeductible payments to a family member's attorney for representation in a personal matter unrelated to DLH's business, and the Line 37 expense was not a payment for labor or a DLH business expense but was instead composed of rental payments for a beachfront condominium residence in Laguna Beach, California.

In violation of Title 26, United States Code, Section 7206(1).

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COUNTS SEVEN AND EIGHT

**Aiding and Assisting in the Preparation and Presentation of
False and Fraudulent Income Tax Returns
(Title 26, United States Code, Section 7206(2))**

23. The Grand Jury re-alleges and incorporates here the allegations contained in Paragraphs One through Twenty-Two of this Indictment.

24. On or about each date listed below, within the State and Federal District of Nevada, and elsewhere, the defendants, SCOTT H. LAWRENCE and DEBRA R. LAWRENCE, willfully aided and assisted in, counseled, and advised the preparation and presentation of individual and corporate income tax returns, Forms 1040 and 1120S, to the IRS, for and on the behalf of the defendants and Turn Two, Inc., on the listed approximate dates, each of which was false and fraudulent as to the material matters set forth:

Count	Tax Year	Date of Offense	Tax Return	False Line Item
7	2013	10/11/14	Defendants' Form 1040	Line 43 - Taxable Income
8	2015	10/17/16	Turn Two's Form 1120S	Line 1a - Gross Receipts

In violation of Title 26, United States Code, Section 7206(2).

COUNTS NINE THROUGH THIRTEEN

**Willful Failure to Pay Tax
(Title 26, United States Code, Section 7203)**

25. The Grand Jury re-alleges and incorporates here the allegations contained in Paragraphs One through Twenty-Four of this Indictment

26. On or about the payment due dates for each calendar year as listed below, within the State and Federal District of Nevada, and elsewhere, the defendants, SCOTT H. LAWRENCE and DEBRA R. LAWRENCE, received taxable income and owed income tax to the United States of America in at least the amounts listed below, which, on or before

the dates listed below, the defendants were required to pay to the IRS at San Francisco, California, to a person assigned to receive returns at the local office of the IRS at Las Vegas, Nevada, or to another IRS office permitted by the Commissioner of Internal Revenue:

Count	Tax Year	Taxable Income Reported on Return	Tax Due Per Return	Date Payment Due
9	2014	\$338,735	\$123,753	April 15, 2015
10	2015	\$213,928	\$83,457	April 15, 2016
11	2016	\$333,201	\$123,317	April 18, 2017
12	2017	\$455,075	\$168,997	April 17, 2018
13	2018	\$368,505	\$103,073	April 15, 2019

Well knowing all of the foregoing, the defendants did willfully fail to pay the specified taxes when due as described above.

In violation of Title 26, United States Code, Section 7203.

COUNT FOURTEEN

Willful Failure to File Tax Return (Title 26, United States Code, Section 7203)

27. The Grand Jury re-alleges and incorporates here the allegations contained in Paragraphs One through Twenty-Six of this Indictment.

28. During the calendar year 2019, the defendants, SCOTT H. LAWRENCE and DEBRA R. LAWRENCE, had and received gross income in excess of \$24,400. By reason of such gross income, the defendants were required by law, following the close of the calendar year 2019 and on or before October 15, 2020, to make an income tax return to the IRS, at Cincinnati, Ohio, to a person assigned to receive returns at the local office of the IRS at Las Vegas, Nevada, or to another IRS office permitted by the Commissioner of Internal Revenue, stating specifically the items of their gross income and any deductions and credits

1 to which they were entitled. Well knowing and believing all of the foregoing, the defendants
2 did willfully fail, on or about October 15, 2020, in the District of Nevada and elsewhere, to
3 make an income tax return.

4 In violation of Title 26, United States Code, Section 7203.

5 **DATED:** this the 3rd day of August, 2021.

6 **A TRUE BILL:**

7
8 /S/
9 FOREPERSON OF THE GRAND JURY

10 CHRISTOPHER CHIOU
11 Acting United States Attorney

12 

13 VALERIE G. PREISS
14 PATRICK BURNS
15 Trial Attorneys
16 Department of Justice, Tax Division

17 SIMON F. KUNG
18 Assistant United States Attorney

19 Attorneys for Plaintiff
20 UNITED STATES OF AMERICA
21
22
23
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